

Message Text

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PAGE 01 KINSHA 06580 141419Z
ACTION XMB-04

INFO OCT-01 AF-10 ISO-00 FS-01 EB-07 COME-00 OPIC-03
TRSE-00 SSO-00 /026 W
-----051963 141425Z /40/13
O 140920Z JUL 77
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC IMMEDIATE 4601

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C O R R E C T E D C O P Y (TEXT)

DEPT PASS COMMERCE, EXIM, OPIC, TREASURY

E.O. 11652: N/A
TAGS: EFIN, CG
SUBJECT: INGA-SHABA TRANSMISSION LINE

REF: A) STATE 141384, B) KINSHASA 6136

1. CIS PROJECT MANAGER ADAMS TOLD US THAT IF EXIM DOES NOT UNFREEZE FUNDS FROM SNEL LOAN BY END OF JULY, THEN CIS WILL BE FORCED TO REDUCE ZAIRIAN AND EXPATRIATE EMPLOYEES BY APPROXIMATELY 80 PER CENT. EXPATRIATE EMPLOYEES WILL BE CUT FROM 250. TO 50. FUNDS AVAILABLE TO CIS ARE SUFFICIENT TO REMAIN AT THIS LEVEL UNTIL END OF 1977, THEN EXPATRIATE WORK FORCE WILL BE CUT TO APPROXIMATELY 30 UNLESS NEW FUNDS HAVE BEEN OBTAINED.

2. ADAMS STATED THAT REDUCED WORK FORCE WILL BE SUFFICIENT ONLY FOR MAINTENANCE AND TO RECEIVE SUPPLIES ORDERED OR ENROUTE; ALL CONSTRUCTION ACTIVITIES WILL CEASE.

3. ADAMS STATED THAT TRANSPORTATION COSTS ALONE OF RETURNING 200 EXPATRIATE EMPLOYEES AND FAMILIES AND BRINGING
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THEM BACK TO ZAIRE WOULD BE HALF A MILLION DOLLARS. INDIRECT COSTS FROM SUCH A REDUCTION WILL BE FAR GREATER BUT DIFFICULT TO ESTIMATE DUE TO UNCERTAINTIES AS TO WHEN EXIM FUNDS MIGHT BE RELEASED. LIKEWISE, COMPLETION DATE FOR LINE WILL BE INCREASED BUT BY AN UNDETERMINED EXTENT.

4. WE SHALL CONTINUE TO MAKE EVERY EFFORT TO OBTAIN OUTSTAND-

ING FUNDS DUE EXIM BUT AS GOVERNOR SAMBWA STATED (REF B), THIS IS A PARTICULARLY DIFFICULT TIME FOR GOZ. HOWEVER, SITUATION SHOULD IMPROVE IN RELATIVELY NEAR FUTURE AS FUNDS OBTAINED FROM PRIVATE BANKERS IF LONDON BANK AGREEMENT IS IMPLEMENTED OR, SHOULD LONDON BANK AGREEMENT NOT BE IMPLEMENTED, THEN FUNDS IN BLOCKED BIS ACCOUNT SHOULD BE AVAILABLE FOR OTHER PURPOSES.

5. COMMENT: WE CAN APPRECIATE EXIM'S RELUCTANCE TO DISPERSE FUNDS WHEN GOZ IS IN ARREARS IN PAYMENTS DUE TO EXIM. HOWEVER, WE WOULD POINT OUT THAT GOZ IS CURRENT IN ALL PAUMENTS DUE UNDER SPECIAL PAYMENTS FACILITY WHICH IS DIRECTLY APPLICABLE TO BLOCKED FUNDS AT ISSUE. FURTHERMORE, AS BROUGHT OUT AT RECENT PARIS CLUB MEETING, USG WAS ONLY MAJOR CREDITOR TO RECEIVE ALL PAUMENTS DUE IN 1976. FINALLY, WE WOULD EMPHASIZE POINT THAT FAILURE TO RELEASE FUNDS WILL RESULT IN SUBSTANTIAL ADDITIONAL COSTS TO INGA-SHABA CONSTRUCTION PROJECT. WE URGE THAT EXIM UNBLOCK FUNDS FOR AT LEAST SEVERAL MONTHS IN ORDER TO GIVE A LITTLE RELIEF TO GOZ DURING A PARTICULARLY DIFFICULT PERIOD.
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Message Attributes

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Sent Date: 14-Jul-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
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Disposition Reason:
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